1962/1963

ANNUAL REPORT

Massachusetts

Port Authority

STAFF, *(Alphabetical Listing)*

ADMINISTRATIVE OFFICES

THOMAS P. CALLAGHAN
Director, Public Relations

ANGELO ALABISO
Assistant Director

ERIC CHETWYND
Director, Personnel

FRANCIS E. DOLAN
Purchasing Agent

EDWARD T. HANLEY
Secretary-Treasurer

FRANK E. HICKEY
Washington Representative

THOMAS H. KUHN
Chief Engineer

JOHN R. DAVIS
Deputy Chief Engineer

RICHARD C. TANGARD
Administrative Engineering Assistant to Chief Engineer

BRENDAN F. SULLIVAN
Airport Engineer

GEORGE L. WEY
Maritime Engineer

LEGAL DEPARTMENT

EDMUND E. CAPODILUPO
THOMAS J. HANNON
EUGENE F. SULLIVAN
J. JOSEPH LYDON

PAUL E. McBRIDE
Research Director

KENNETH C. PEARSON
Insurance Coordinator

WALTER E. SHAW
Comptroller

HENRY R. FOUCHER
Chief Accountant

AIRPORTS

RICHARD E. MOONEY
Director of Aviation

JAMES F. BYRNE
Manager, Logan International Airport

ALBERT V. BRATT, JR.
Assistant Manager

LEO C. GALLAGHER
Interim Superintendent, Hanscom Field

MARITIME

JOSEPH J. CONNOLLY
Superintendent, Marine Terminals

IGNATIUS C. GOODE
Director, Maritime Division

JOHN J. COONEY
Assistant to Director

CHESTER H. GOURLEY
Traffic Manager

ROBERT S. TOBIN
Chief Trade Representative

MYSTIC RIVER BRIDGE

JOHN F. DONOVAN
Director

FRANCIS X. NOONAN
Superintendent, Operations

AUTHORITY MEMBERS

EPHRAIM A. BREST, *Chairman*

NICHOLAS P. MORRISSEY, *Vice-Chairman*

O. KELLEY ANDERSON
LAURENCE O. ALBRE, JR.
CHARLES A. CONNORS, JR.
EDWARD C. MAHER
THOMAS G. BROWN, JR.

EDWARD J. KING, *Executive Director*

CHANGES IN AUTHORITY AND STAFF

CARL J. GILBERT resigned from the Authority on April 30.

NICHOLAS P. MORRISSEY was elected by the Authority to serve as Vice-Chairman in place of Mr. Gilbert.

JOHN F. O'HALLORAN resigned on June 14 as Executive Director.

CHARLES A. CONNORS, Jr. was appointed to the Authority by Governor Endicott Peabody and confirmed by the Executive Council on June 6.

EDWARD J. KING was appointed Executive Director by the Authority on June 18.

1963 ANNUAL REPORT of the

MASSACHUSETTS PORT AUTHORITY

for the period July 1, 1962 to June 30, 1963

HISTORY

The Massachusetts Port Authority was created by Chapter 465 of the Acts of 1956.

On February 17, 1959, the Authority sold $71,750,000 of revenue bonds bearing an interest rate of 4¾%. Thereupon, the Authority retired $22,160,500 of Mystic River Bridge bonds and paid to the Commonwealth of Massachusetts $20,972,151 for its airport properties, and $750,000 advanced for initial administrative expenses. Upon making these payments to the Commonwealth, the Authority assumed trusteeship of the Mystic River Bridge, Boston-Logan International Airport, Hanscom Field and the Port of Boston properties.

In accordance with the enabling act, the Authority pays annually to the Commonwealth an amount based on cash receipts and disbursements of the Port properties for the preceding fiscal year. These payments will continue until the Authority has paid to the Commonwealth a sum defined in the enabling act and aggregating on June 30, 1963 a total of $16,466,626.

The Authority is authorized and empowered not only to operate and improve the projects under its control, but also "to investigate the necessity for additional facilities for the development and improvement of commerce in the city and in the metropolitan area surrounding the city."

The Massachusetts Supreme Court described the corporate structure of the Authority in the following words:

"The Massachusetts Port Authority has no stockholders. No person can derive a profit through its operations. Only the public can be benefited. The Authority therefore bears considerable analogy to a municipal corporation, although it can hardly be said to possess a territory of its own, and it exercises only limited governmental powers . . ."

DECLARATION

In the course of twelve months, an Authority can build new purpose, spirit, and determination — as well as new buildings. It is the constructions of mind and spirit that are the most difficult to report.

The Authority is engaged in a public venture of great magnitude which requires decisions that change the lives of individuals and the plans of corporations. The Authority is concerned with the movement of more than 450 planes and 10,000 passengers a day at Boston-Logan International Airport; 60,000 vehicles a day passing over the Mystic River Bridge; and over 50,000 tons of cargo moving through Boston Harbor and being handled day and night on the waterfront.

Quite naturally, everyone does not agree on the controls and charges necessary to bring order and equity into this tremendous daily movement of people and things. Some criticism of the Authority over the past year has been justified. Some has been designed to intimidate and smear.

The Authority manifests in this declaration that it has no intention of retreating into small or equivocal decisions. It has been created by the Legislature to operate public transportation facilities, develop transportation plans, and promote commerce in the metropolitan area of Boston without cost to the taxpayer. The Authority intends to continue to carry out this mandate.

The Authority principle is based on fiscal self-sufficiency gained from charges assessed on the users of its facilities. In contrast, the predecessor State agencies balanced their budgets with the aid of State appropriations.

During the ten years before the Massachusetts Port Authority became operative in 1959, deficits for the Seaport and Airport operations and debt service totalled more than $38 million.

While the Authority maintains fiscal independence, it recognizes that Seaport bonds outstanding before 1959 are still being serviced by the Commonwealth.

The relationship with the State government is by no means limited to fiscal affairs. The Authority considers that maintenance of continuing communication with State government over a wide range of planning and development responsibilities is essential to effective action on the major transportation problems of the metropolitan area of Boston.

At this point, the Authority wishes to acknowledge its indebtedness to the Governor for his challenging review of transportation planning. The Legislature has also contributed to our new statement of policy through its hearings on our development projects.

The Authority is acutely aware that it must exercise its responsibility for planning and development in concert with protecting land uses at Logan Airport and effecting change in land use along the Waterfront. Logan Airport is a vital economic asset to the city of Boston and it must be developed with full consideration of its environs. The Waterfront, on the other hand, requires transformation in certain areas such as along Atlantic Avenue.

The Airport must gain breathing space by filling along the shore of its limited land area, while the Seaport must reorganize its sprawling land use if transportation is to meet the needs of the metropolitan area of more than 2,500,000 people.

The job must be done with engineering, with research, and with vision.

The Authority is not only a trustee of facilities; it is a trustee of the future mobility of a metropolitan area.

DEVELOPMENT

1 – The Authority has spent approximately $25 million on improvements to Airport and Seaport facilities. It has committed itself to spend $15 million more.

2 – The Authority is planning a bond issue to implement its development program.

3 – Improvements at Logan Airport will include runway extensions; expansion into Bird Island Flats for fuel storage, wharf, hangars, and air freight facilities; a runway parallel to Runway 15-33 to permit increased traffic capacity; enclosed public parking garage facility integrated with second level terminal roadway; and field maintenance area adjacent to railroad siding.

4 – Waterfront improvements include rehabilitation of Pier 3, East Boston; implementation of North Terminal Area plans; and cooperative efforts with the Boston Redevelopment Authority and the Downtown Waterfront Corporation to effect more productive use of waterfront land.

5 – At Hanscom Field in Bedford improvements planned include redevelopment of the hangar area, Air Freight Terminal, expansion of the Terminal Building, new access road, and extension of Runway 11-29.

6 – Basic planning for the Mystic River Bridge is related to State and Boston planning for highways and urban redevelopment within a context that can expedite street level movement in Charlestown to and from the Bridge, as well as eliminate the bottleneck between the Bridge and the Central Artery.

THE MASSACHUSETTS PORT AUTHORITY

Ephraim A. Brest
Chairman

Nicholas P. Morrissey
Vice Chairman

O. Kelley Anderson

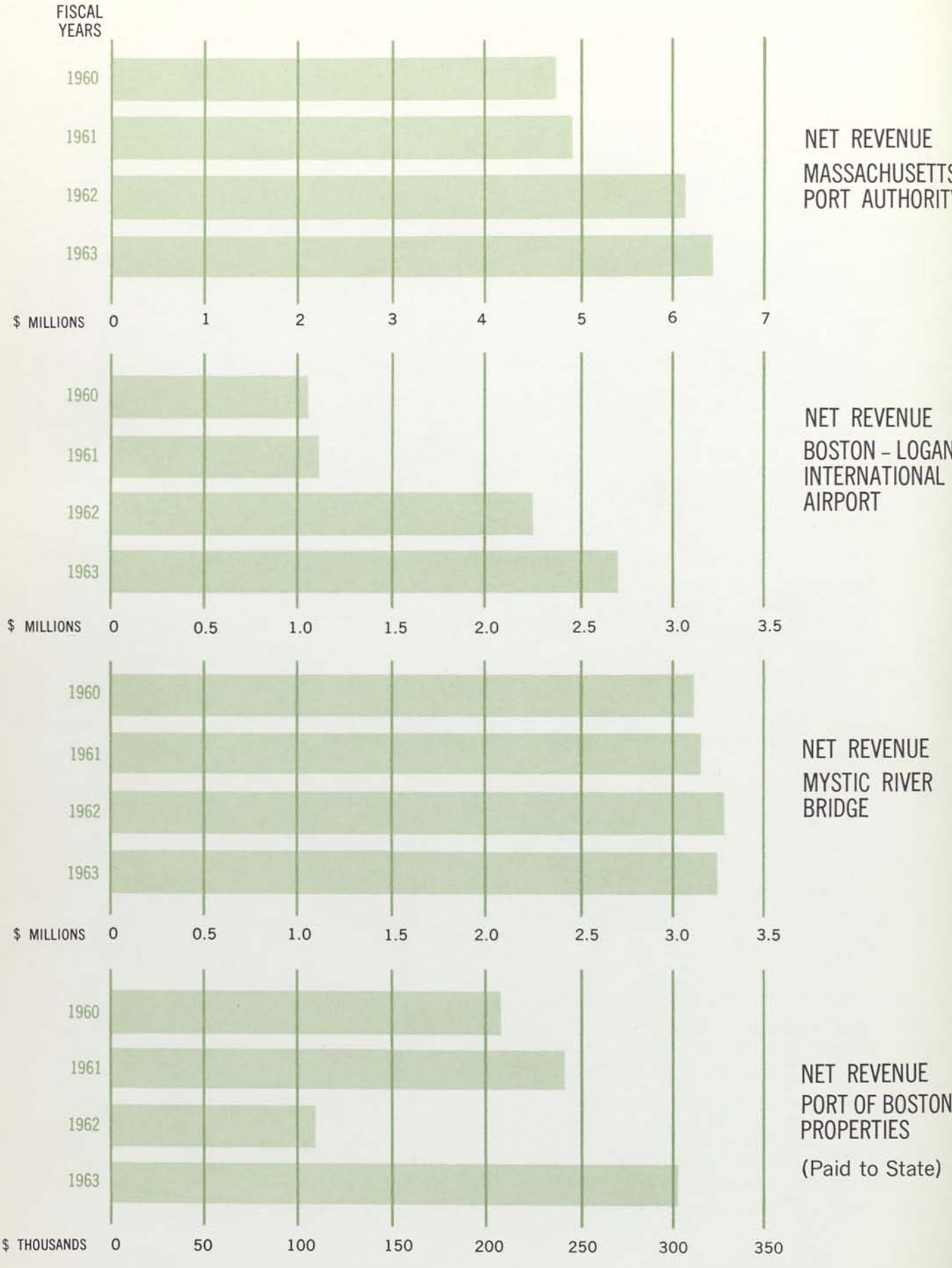
Laurence O. Albre, Jr.

Charles A. Connors, Jr.

Edward C. Maher

Thomas G. Brown, Jr.

Edward J. King
Executive Director


FISCAL YEARS
1960
1961
1962
1963
$ MILLIONS
0
1
2
3
4
5
6
7
NET REVENUE
MASSACHUSETTS PORT AUTHORITY
1960
1961
1962
1963
$ MILLIONS
0
0.5
1.0
1.5
2.0
2.5
3.0
3.5
NET REVENUE
BOSTON – LOGAN INTERNATIONAL AIRPORT
1960
1961
1962
1963
$ MILLIONS
0
0.5
1.0
1.5
2.0
2.5
3.0
3.5
NET REVENUE
MYSTIC RIVER BRIDGE
1960
1961
1962
1963
$ THOUSANDS
0
50
100
150
200
250
300
350
NET REVENUE
PORT OF BOSTON PROPERTIES
(Paid to State)

THE YEAR IN BRIEF

FINANCIAL

The net revenues of the Authority for the fiscal year ending June 30, 1963 were $6,456,959. This total is five percent more than that of the previous fiscal year.

After deduction of interest payable from revenue and after excluding net revenues from Port Properties, the Authority realized $3,536,531 which is available for capital improvements, major repairs, and reserve maintenance.

The Authority earned 2.58 times its debt service, which is well ahead of the 1.75 ratio forecast in the official bond statement issued in 1959.

SEAPORT

The income from Authority operation of Seaport properties, transmitted annually to the State, reached a new high of $306,473 for fiscal 1963. In addition, the Authority met interest charges of $156,415 on Authority bonds issued for Seaport improvements.

Ninety percent of the $3 million capital improvements programmed in the Authority bond issue for the Seaport properties had been completed at the end of the fiscal year.

Seaport expenditures include over $1.1 million expended at Commonwealth Pier since 1959.

Total tonnage for the Seaport for calendar 1962 — the latest period for which statistics are available — is 18,984,380, which is 2.7% less than the previous year. Export of scrap iron and grain declined.

The volume of general cargo during 1962 increased 8.5% to a total of 972,767 tons. This increase in high-value cargo represented an additional benefit of approximately $1.5 million to the economy of Boston.

AIRPORT

Net revenue at Logan Airport increased approximately $477,160 to a total of $2,656,376.

Passengers at Logan Airport totalled 3,837,124 in fiscal 1963 — an 11% increase over the prior year.

The filling of Bird Island Flats for expansion of the building area was begun. A central bulk fuel storage area and a wharf for unloading fuel from tankers and barges is planned. Supersonic aircraft are expected to burn in a range of 8,000 to 15,000 gallons of fuel per hour — the equivalent of the capacity of 11 railroad tank cars during a 19-hour flying day.

Progress on the $3 million International Terminal Wing indicates that it will be available for initial occupancy in the spring of 1964.

HANSCOM FIELD

Pilots of personal and business aircraft recorded 133,506 operations at Hanscom Field. The total was 14,739 more than the previous year. General aviation operations at Hanscom Field are now double the number of military operations.

BRIDGE

Traffic volume on the Mystic River Bridge for the fiscal year was 21,863,193 vehicles. This total was only 2.5% below the record volume of fiscal 1962, despite the full year of traffic diversion resulting from the opening of the second tube of the Sumner Tunnel.

Bi-level cargo handling adds to Commonwealth Pier efficiency.

MARITIME DIVISION

Cargo tonnage handled via the Port of Boston in calendar 1963 dropped below the volume of the prior year due to decline of 500,000 in the Seaport's foreign trade and a 130,000 ton decline in local port commerce. Yet, the Seaport's total foreign trade reached 6,910,834 tons — the second best year in the Seaport's history, exceeded only by the 7,459,289 tons handled in 1961.

Foreign trade imports again exceeded 6 million tons for only the second time in the history of the Seaport.

A coastwise strike of longshoremen commenced on December 23, 1962 and continued until January 26, 1963. While some companies shipped cargoes early to avoid the strike, many did not. Furthermore, vessels bound for Boston were diverted to other ports to be laid up. These ports have major reconditioning facilities not available at Boston.

As a consequence Boston lost, in calendar 1962, the cargo from approximately 40 general cargo ships. Had this strike not occurred, the Seaport of Boston would have again handled, for the second successive year, in excess of 7 million tons in foreign trade.

Had the work stoppage not occurred, the Seaport would have handled about 1430 general cargo ships instead of 1389 that actually called. This would have been the highest number of such ships calling at Boston during the tenure of the Massachusetts Port Authority and perhaps a modern record for the Seaport of Boston.

PORT PARITY DECISION

On May 20, 1963, the United States Supreme Court affirmed the decision of the Boston Federal District Court which gave the Port of Boston equalization with other United States North Atlantic ports in respect to import and export rail rates.

After 86 years, the railroads serving the Port of Boston were authorized to establish rail rates on import and export cargo between Boston and the Midwest at the same level as the rates for Baltimore. Until this momentous decision, Baltimore had enjoyed an advantage of sixty cents a ton and Philadelphia of forty cents a ton.

The rail rate handicap suffered by Boston had its inception in 1877, when railroad rate wars caused such economic waste that the Interstate Commerce Commission established differentials in favor of Baltimore, Norfolk, and Philadelphia as compared with New York and Boston.

The differentials were designed to compensate the southern tier ports for the lower transatlantic ocean rates enjoyed by Boston and New York. However, during the first world war the ocean rates were equalized, but the rail differentials remained.

The effect of the rail differentials was slow but inexorable. In 1900 Boston's foreign commerce was double that of Baltimore and 30 percent above that of Philadelphia. However, the virtual impossibility of tapping the agricultural and industrial heartland of the Midwest gradually restricted Boston to a small hinterland north of Waterbury, Connecticut and east of Pittsfield.

When the Interstate Commerce Commision was petitioned eight years ago for redress of rail rate inequities, it was shown that the ports of Philadelphia, Baltimore, and Norfolk were receiving 75.8 percent of the imports of the Central Freight Association territory and 63.7 percent of the exports.

Despite this and other unassailable facts, the Interstate Commerce Commission ruled that the inequitable rail rates should not be changed. The Commission cited the greater distance of New York and Boston from the Midwest territory as compared with Philadelphia, Baltimore, and Norfolk.

Boston railroads and the Authority pointed out that Norfolk was only 38 miles closer to the Central Freight Association territory than Boston. Furthermore, the Port of Tampa had been given equalized rail rates with other Gulf ports even though it was 304 miles farther from the Midwest than the average Gulf port.

The Federal District Court ruled that the distance standard had no validity, in light of previous ICC decisions.

PORT PARITY PROMOTION

When the Supreme Court of the United States handed down its ruling that Boston should be permitted equalized rail rates on export and import cargo to and from the Central Freight Association Territory, the Maritime Division of the Authority set in operation its plans to exploit the benefits of the decision.

On May 29, a meeting was held with Port interests to explain the details and significance of the court decision and to outline promotional plans. The details of the eight-year struggle which had cost the Massachusetts Port Authority and predecessor agencies a total of $150,000 was traced by Attorney Robert G. Bleakney, Jr., representing the railroads serving Boston, and by Attorney Henry E. Foley, special counsel in the case for the Massachusetts Port Authority.

On June 27, a harbor tour was conducted aboard the Vineyard Queen to describe to civic leaders the significance of the Port Parity decision. Pledges of cooperation were obtained from business, labor, and government.

During June, the cargo solicitors of the Authority visited the major shipping centers of the Midwest to survey opportunities for Boston cargo.

At the same time, extensive plans were organized with railroads to cooperate in promotional workshop sessions with shippers in Milwaukee, Chicago, Cleveland, and Pittsburgh. In each city, it was planned to present to the one hundred most important shippers the story of Boston's advantages. A color-sound film was produced by the Public Relations Department which presented in attractive and fast-moving fashion the fact that Boston was on "the fastest import route to the Midwest . . . that Boston is the first port of call for approximately 20 percent of the general cargo ships calling at North Atlantic ports . . . that cargo first-off at Boston can be on the way to the Midwest before the ship from which it was discharged reaches its second port of call."

NEW SERVICES

Of primary importance in the development of the Seaport of Boston is the establishment of new steamship services. Fundamentally, cargo is attracted by service, rather than by facilities.

The Columbus Line on March 4, 1963 began once-a-month service between Boston and the ports of Brisbane, Melbourne, Sydney, and Adelaide, Australia. It was inaugurated with the sailing of the motorship Cap Vilano from Mystic Pier, Charlestown.

Before the end of the fiscal year, the Shipping Corporation of India had decided to inaugurate a new monthly service between Boston and ports of India and Pakistan. Boston was designated as the first port of call in the United States.

Consideration was being given by the Holland-America Line at the end of the fiscal year to establishing first-port-of-call service to Boston from Hamburg, Bremen, Rotterdam-Amsterdam, and Antwerp. It was expected that the new service would begin before the end of calendar 1963.

Midwest shippers hear of Boston's advantages first-hand.

The Maritime Division and Research staffs of the Authority cooperated in a survey of the cargo potential between Boston and Puerto Rico. A questionnaire was sent to 1,200 New England exporters and importers which resulted in 483 replies.

The sampling indicated that 40,000 tons annually could be carried from Boston to Puerto Rico and 23,000 tons on the reverse route.

A projection of the sampling to estimate the total export-import potential of New England indicated that the cargo available might reach 100,000 tons. This figure was considered a minimum, inasmuch as there had been no promotion of such service since 1955 when the last carrier between Boston and Puerto Rico discontinued operations.

Economies of $10 a ton for New England importers and exporters were considered reasonable if the new service could be established. Following the survey, overtures were made to Sea-Land Service, Inc., Alcoa Steamship Company, Sea Train Lines, Inc., Grace Lines, and Trans-American Steamship Corporation to interest these carriers in establishing Boston-Puerto Rico service. Efforts to promote the mutual advantage for Boston and steamship lines will be continued.

WATERFRONT DEVELOPMENT

New structures are changing the skyline and the atmosphere of the waterfront.

Three cement storage facilities range up to the height of a 10-story building. They are supplied by automated barges with capacities as large as big freighters. This method of cement distribution has effectively met competition from Europe.

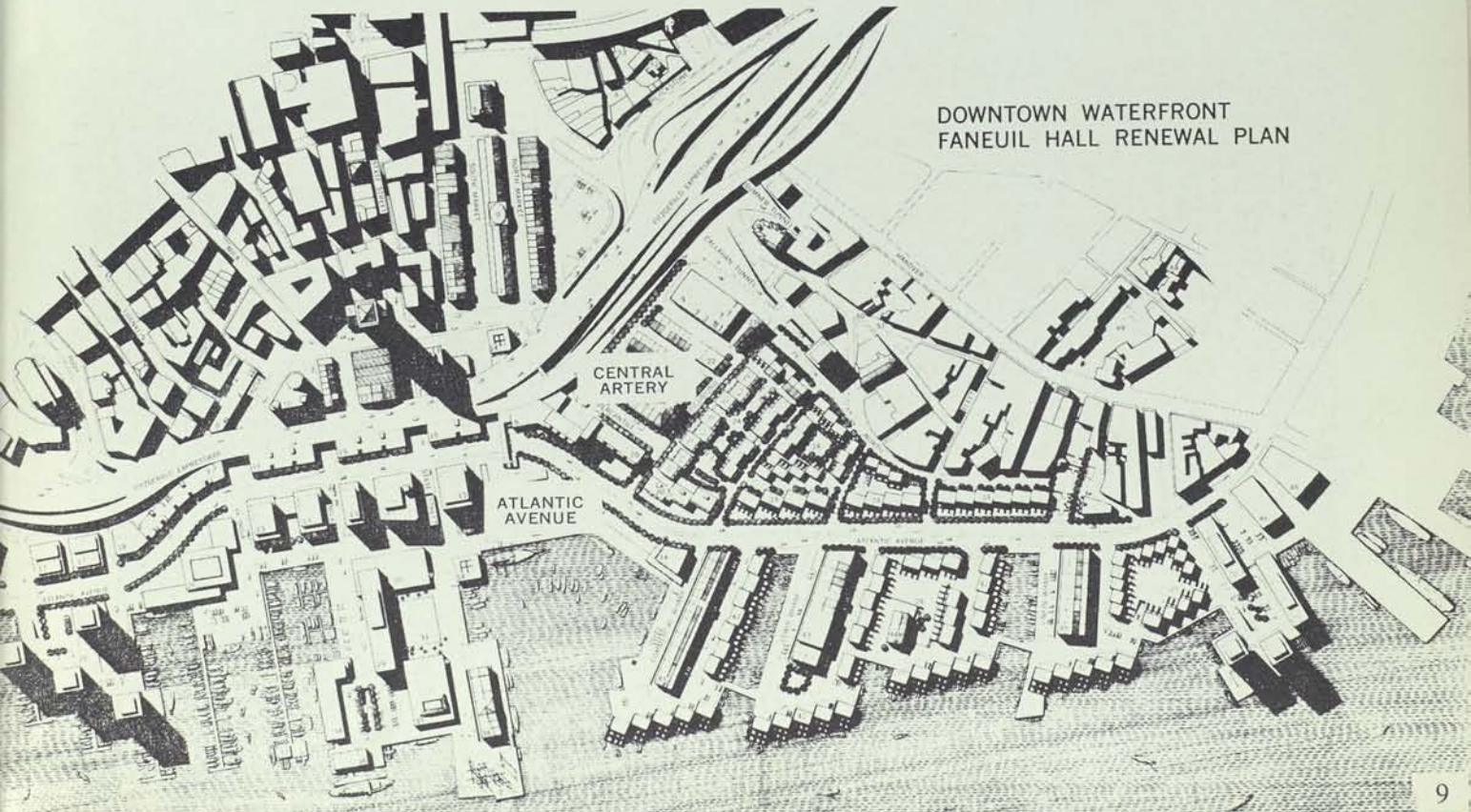
Universal Atlas Cement Division of United States Steel Corp. operates four storage silos at Castle Island with a total capacity of 22,500 barrels. Marquette Cement Manufacturing Company stores 90,000 barrels in six silos, over 100 feet high on the Everett shore of the Mystic River. Atlantic Cement Company has erected similar structures with a capacity of 42,500 barrels on the Charlestown shore of the river.

Higher yet, on a site overlooking the waterfront will be the 30-story State Street Bank Building at High and Pearl Streets. While not on the waterfront, its height will contribute to the skyline and its position will tend, with that of the Travelers Building, to integrate with the exciting project of the Downtown Waterfront Corporation.

Approximately $70 million is the investment contemplated in the redevelopment within the triangle from Northern Avenue to Constitution Wharf to Faneuil Hall. The dilapidated wharves where the maritime coastal trade once flourished will become a handsome sweep of high-rise apartments, marina, museum, office buildings and park.

The Authority is cooperating in assembling land near Summer Street where produce dealers of the Faneuil Hall area can relocate. Also, it is surveying Commonwealth Pier to determine whether it can be adapted at the channel end for the fish merchants now on Atlantic Avenue.

Redevelopment of Atlantic Avenue will not only achieve a higher use for an historic waterfront close



to the downtown business section, but it will remove forever the rundown loft buildings and decaying piers that were subconsciously equated with the Port in the minds of a high percentage of the public.

For every person who has observed the bustling operations at the relatively inaccessible Castle Island, Army Base, or East Boston piers thousands have received their impression of the waterfront from ghostly Atlantic Avenue, where Boston's coastal trade centered its activity in the days before fast trains and trucks. As late as the early 20's, 75 percent of the Port's tonnage was carried to and from such cities as Philadelphia, Baltimore, Norfolk, Savannah and Jacksonville.

BIGGER SHIPS

The problems and opportunities related to bigger, faster and highly automated ships rank high on the Authority's list of development priorities.

The United States Merchant Marine will spend $2 billion for new ship construction during the next ten years, one-half of which will be provided from government subsidy. When loaded and unloaded at facilities designed for modern cargo handling, these ships will be far more economical than the ones they displace.

However, these new ships cost as much as $5,000 a day to operate. For this reason, the economic planning of steamship lines attempts to confine their routes to ports providing a substantial part of the total ship's cargo and offering facilities for fast unloading and loading.

The United States Lines introduced the first of its new ships to Boston when the American Challenger arrived on October 26, 1962. It has speed of 21 knots, length of 560 feet and beam of 75 feet. Its cargo capacity of 671,000 cubic feet includes 45,000 cubic feet of space for refrigerated cargo and over 1,000 cubic feet of space for liquid cargo. The Challenger's boom can lift 70 tons. All holds have automatic hatch covers and two have triple hatch-openings.

The Challenger can ply between British Channel ports and Boston in seven days, two days faster than previously.

The United States Lines has programmed $200 million for new ships and the government is contributing a like amount.

Ships of the Challenger class cannot be berthed at the 390-foot end berth of East Boston, Pier 1, hitherto used for United States Lines vessels. In order to accommodate these modern freighters, the Massachusetts Port Authority has agreed to rehabilitate nearby Pier 3 at an expense of over $500,000. Improvements would include: 1 — widening of the pier apron width from 12 feet to 22 feet; 2 — new electrical system; 3 — expanded office space; 4 — modernized sanitary facilities; and 5 — improvements to facilitate truck operation in and out of the fifty-year old pier.

The need to provide for big ships made itself increasingly evident.

More efficient adaptation of waterfront facilities for trucking continues at all ports. The prime example is the 730-acre Port Elizabeth development of the New York Port Authority at Newark. Already 92 acres have been developed there by Sea-Land Service, Inc. at a cost of $22 million. This area has a capacity for 2,000 trucks.

WATERFRONT SECURITY

The Authority introduced in June, 1963, a new service for the waterfront community: a coordinated program to combat pilferage and generally increase law enforcement in the Port area.

The Authority effort is being spearheaded by its State Police contingent based at Logan Airport. The added cost to the Authority on an annual basis is in excess of $35,000.

This program represents the most comprehensive attempt ever made on the Boston waterfront to prevent theft of cargo on the docks and also absolve Boston of responsibility when thefts take place in transit or in another port.

A comprehensive study of methods of reducing pilferage was undertaken by the Authority and the State Police. The latter recommended: 1 – stricter control of vehicles permitted in cargo-handling areas, and 2 – patrols throughout the day and night by State Police from the Logan Airport barracks. Effective cooperation has been obtained from the United States Customs and the Federal Bureau of Investigation. Insurance companies are cooperating in situations where it is suspected that insurance claims were filed for goods not actually landed at piers.

GOVERNMENT LIAISON

At a meeting with the Massachusetts Congressional delegation, the Authority and various Seaport interests sought help in obtaining additional cargoes of export grain, a higher volume of army cargo, and authorization for the Army Engineers to dredge the Boston Harbor main ship channel and Chelsea River.

The Congressmen were informed that the Seaport of Boston handled only 4.5 million bushels in 1962, as compared with 32 million bushels in 1957. In the latter year, the United States Department of Agriculture absorbed the extra cost of the unfavorable rail differential between the Central Freight Association Territory and Boston.

Following the Washington meeting, additional grain was shipped to the Hoosac Grain Elevator and the East Boston Grain Elevator. At the close of the fiscal year, both of these elevators were storing close to capacity.

An intensive program was undertaken after the Washington meeting to increase the utilization of the Seaport of Boston by the Defense Department. Discussions were held with management, labor, and military officials. To the latter was emphasized that Boston had been the third most active among Atlantic and Gulf ports in handling military cargo during World War II.

However, with the exception of the year of the Berlin crisis, Boston had received Defense Department cargo routings of less than 60,000 measurement tons, and in 1962 had dropped to 14,000 tons. It was urged that the Defense Department maintain a flow of not less than 60,000 revenue tons per year in order to maintain the services and skills needed to operate the Army Base efficiently in an emergency period.

In conjunction with the Maritime Association of Greater Boston, the Authority urged Congressmen to authorize the Army Engineers to spend $1.5 million in eliminating shoals in the 40-ft. main channel of Boston Harbor. It was further requested that the dredged material be dumped into Bird Island Flats, where the Authority is preparing for expansion of Boston-Logan International Airport.

Further dredging was requested for the Chelsea River channel where a depth of 35 feet is required. A total of 5 million tons of fuel is transported yearly along the Chelsea River. Approximately 50 percent of the fuel storage in the Boston area is located here.

Torrent of corn spills from East Boston Elevator to ship's hold.

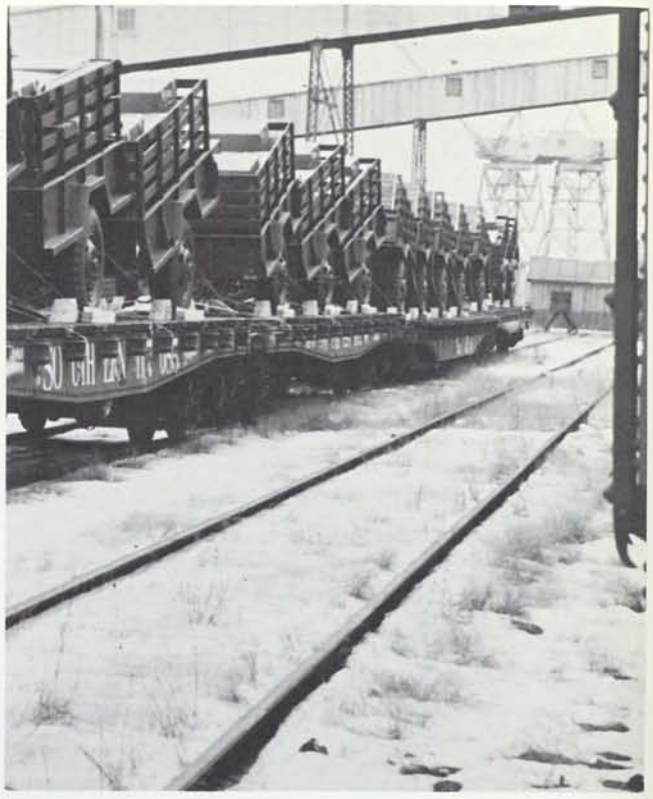
GOVERNMENT CARGO

The influence of the "nation's largest shipper", the Federal government, on the economics of the port of Boston can hardly be overemphasized.

In October 1962, the Army closed Berth 7 at the Army Base and claimed that it could effect a $50,000 payroll saving.

Whether or not the saving resulted, Army cargo shipments decreased to an average of slightly more than 300 tons a month until the Authority and other Port interests staged a protest meeting in Washington. Following this meeting, Army cargo averaged 1545 tons a month.

Continuing efforts are being made to document the Port's arguments that it can qualify for government export cargo within the policy of "lowest laid down cost". The Port Parity decision equalizing Boston's rail rates with those of other ports on Midwest import and export cargo has strengthened Boston's case.



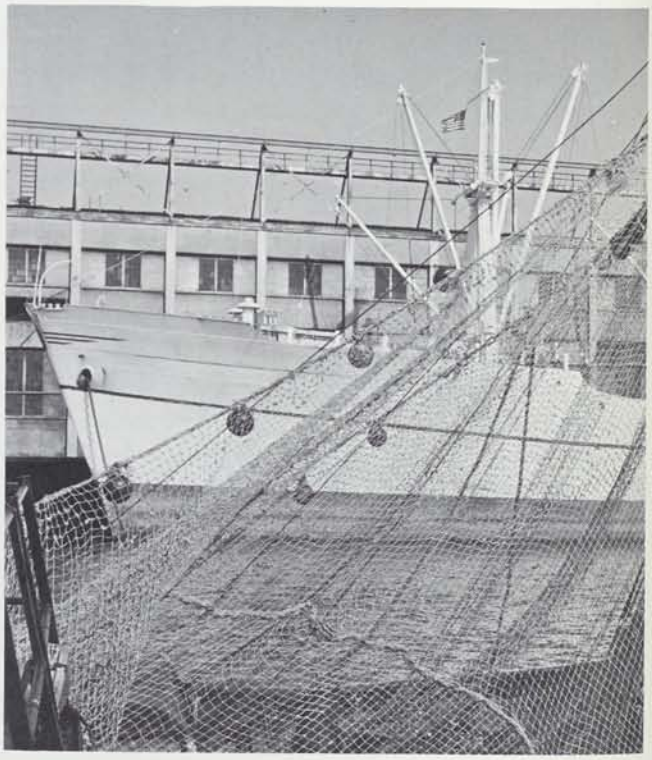
Military cargo ready for transfer from rail to ship.

FISHING INDUSTRY

Bigger and faster ships are being introduced into commercial fishing operations at Boston, and older ships are being scrapped. The decline in the number of ships operating out of Boston and poor fishing at George's Banks combined to lower the total catch for fiscal 1963 to approximately 109 million pounds. However, the value of the catch increased over $700,000 because of the high level of market prices.

The new 124-foot trawlers, Massachusetts and Sturgeon Bay, have proved their worth in the 200-mile trip to George's Banks. These vessels have a speed of 15 knots and can negotiate the trip more than 30 times a year with cargoes ranging up to 300,000 pounds and valued at approximately $12,000.

The new $500,000 ships are symbols of cooperation between private enterprise and the Federal government. A one-third subsidy was provided by the government in order to encourage effective competition with foreign fishing operations. Their supplies to the United States market have increased 67% since 1952.



Nets dry in the salty air at Boston Fish Pier.

TOTAL PORT TRADE *(short tons)*

Calendar Year

	1962	1961	1960
Foreign			
Imports	6,301,223	6,435,420	5,509,770
Exports	609,611	1,023,869	933,488
Total	6,910,834	7,459,289	6,443,258
Domestic			
Receipts	10,409,920	10,123,190	10,740,376
Shipments	736,472	861,124	813,245
Total	11,146,392	10,984,314	11,553,621
Intraport & Local	927,154	1,062,333	1,022,688
Total Port Trade	18,984,380	19,505,936	19,019,567

Source: U. S. Army Corps of Engineers

PORT OF BOSTON IMPORTS

Leading Commodities (short tons)

	1962	1961	1960
TOTAL IMPORTS	**6,301,223**	**6,435,420**	**5,509,770**
Petroleum products	4,682,431	4,968,515	3,987,037
Sugar	418,347	409,226	435,599
Gypsum	172,994	194,614	198,180
Iron & steel products	80,446	61,380	60,909
Wood pulp	70,742	77,078	80,506
Wool, raw	60,924	44,774	36,206
Lumber	59,137	74,377	75,990
Salt	48,925	37,462	35,197
Iron & steel, semi-finished products	33,216	21,133	28,619
Cocoa beans	32,570	24,788	23,040
Minerals, non-metallic	27,928	10,447	9,939
Paper, various	24,792	22,464	17,930
Wool, semi-manufactured	24,689	23,515	22,870
Vegetables, canned	23,178	34,795	29,701
Animal products, inedible	22,695	17,680	16,877
Molasses, inedible	20,647	13,629	28,168
Hides, skins & pelts	20,041	22,804	20,801
Rubber, crude & gums	19,788	25,251	28,382
Hardware	18,757	14,295	17,961
Sisal & jute	18,257	14,601	6,654
Alcoholic beverages	18,214	15,477	13,205
Aluminum ores	17,506	12,236	10,083
Motor vehicles	17,158	16,364	24,051
Coffee	16,597	17,387	14,895
Chemicals, industrial	16,063	12,459	13,936

PORT OF BOSTON EXPORTS

Leading Commodities (short tons)

	1962	1961	1960
TOTAL EXPORTS	**609,611**	**1,023,869**	**933,488**
Iron & steel scrap	353,548	515,803	499,059
Grain	129,972	314,349	283,716
Animal products, inedible	27,069	31,187	27,729
Paper & products	8,965	14,167	21,928
Dried milk	8,723	5,146	1,585
Textile machinery	8,653	11,984	7,531
Resin, synthetic	4,300	—*	—*
Chemical specialties	3,922	9,308	11,962
Minerals, non-metallic	3,836	3,997	5,440
Fruits, fresh & frozen	3,800	2,918	1,783
Man-made fibre	3,455	3,058	2,311
Wood manufactures	2,585	3,157	4,392
Rubber scrap	2,172	2,938	3,945
Machines & parts	2,143	1,860	1,534
Paperboard	2,092	—**	—**
Copper base alloy scrap	1,950	6,460	7,454
Vegetable products, inedible	1,834	1,695	1,514
Textile products	1,746	1,498	1,475
Wool semi-manufactures	1,734	2,286	3,337
Wood pulp	1,649	2,532	2,888
Newsprint	1,570	1,581	1,232
Leather manufactures	1,470	3,697	3,575
Cotton manufactures	1,326	1,504	1,363
Industrial chemical	1,282	808	2,705
Machine tools	1,089	3,304	1,691

*included in "Chemical specialties"
**included in "Paper & products"

BOSTON — Hub of the Air Universe

AIRPORT DIVISION

Boston-Logan International Airport is the last of the big downtown airports. It is the most important transportation asset of the city of Boston. Without it, Boston would have no direct connection with the major air travel systems of the country and the world.

Bigger planes, more passengers, more automobiles, and more private planes are being accommodated at Logan Airport every year. The statistical and financial record of this report cites the fact that nearly 4,000,000 air passengers a year are currently using Logan Airport. During fiscal 1963 the air passenger increase was 11 percent.

The Authority underscores the 147 percent increase in general aviation plane movements during the past three years. These non-airline and non-military plane movements jumped from 11,797 in fiscal 1961 to 29,233 in fiscal 1963. Passengers in this general aviation category increased from 46,919 to 81,232.

Despite the burgeoning traffic of all kinds, Logan Airport is confined to 2200 acres, in contrast to 10,000 acres at Dulles Airport, Washington. And the Legislature has enacted Chapter 410 of the Acts of 1963 which prohibits expansion of general aviation operations on Authority land westerly of the "existing airport service road running between Porter street and Maverick street." Further, the Act prohibits the exercise of eminent domain westerly of the present property line except for projects required by the Federal government.

Logan Airport development must be understood in relation to aviation needs, community needs, and the future of the City of Boston, the state of Massachusetts, and the entire region of New England.

OPERATIONAL SUMMARY

Boston-Logan International Airport during calendar 1962 ranked among the airports of the country:

Sixth in domestic air cargo (84,119,097 pounds)
Tenth in air carrier operations (129,033)
Tenth in international cargo volume (4,271,164 pounds)
Fifteenth in itinerant (intercity) operations (175,837)
Twenty-first in total operations (198,552)

Logan Airport, like many other international airports, did not rank high in general aviation itinerant operations. It was listed 106th in the Federal Aviation Agency Air Traffic Activity report for 1962. Idlewild International Airport ranked 145th, and Los Angeles, 167th.

Hanscom Field had 47,716 general aviation itinerant operations and ranked 76th in the nation. Hanscom and Logan ranked first and second in such operations within the State. The third ranked airport for general aviation operations was Worcester with 21,742 which ranked 202nd in the country.

AIRFIELD IMPROVEMENTS

At the end of the fiscal year, the Authority was completing a $5 million program of runway rehabilitation. In more expressive terms, the program was designed to provide the best of airfield surfaces for needs ranging up to those required in operation of huge turbojet aircraft.

On May 13, 1963 the final phase of runway resurfacing, seal-coating, and new lighting installation began. At times, two of the four runways were out of operation. The peak of summer traffic coincided with the most extensive reconstruction because of the necessity of completing the entire project before temperatures fell below a daytime average of 60 degrees. The curing process of the runway sealcoat is sensitive to temperature outside a relatively narrow range.

While more than 450 planes a day were taking off and landing — one every three minutes — the construction crews laid as much as 1000 tons of bituminous concrete a day. This rate of resurfacing is twice that of normal highway construction.

Three different contracts had to be executed in coordinated fashion to avoid delays. While fixtures for centerline runway approach lights were being installed on Runway 4R, a Visual Glide Slope Indicator was being readied at the 22L end of the same runway, with resurfacing crews working in between.

In some sections of the runway, the hydraulic fill on which the Airport is constructed had settled a foot below proper grade. These depressions had caused turbojets on takeoff runs to develop a bobbing motion called "porpoising."

PERSPECTIVE SHOWING MASSACHUSETTS PORT AUTHORITY DEV

North Terminal (foregrou

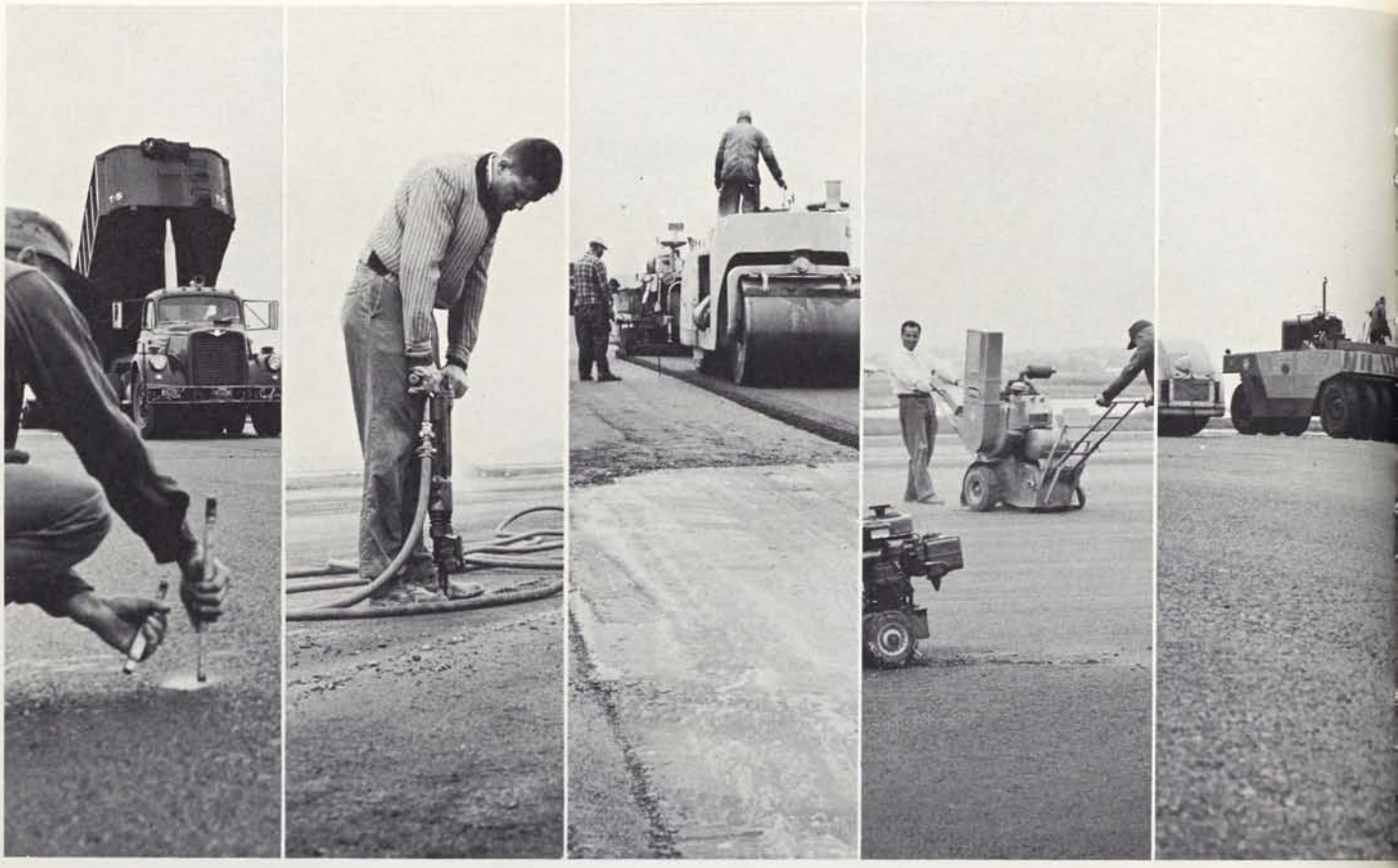
DeLuxe Restaurant at Tower Building (left-center) — Construction Begins 1964

MENT PROGRAM AT BOSTON-LOGAN INTERNATIONAL AIRPORT

Construction Begins 1964

International Terminal (right-center) — Opens 1964

The sight and sound of progress are everywhere at Logan . .



The normal depth of a modern runway is approximately 13 inches which includes eight inches of base course, three inches of binder, and two inches of wearing course. At Logan some sections of runway are 26 inches deep where additional base course compensates for settling of the fill.

An additional complication in the runway rehabilitation project was the relocation of the runway edge lights 27½ feet toward the runway center in order to adjust to the new approved runway width of 150 feet.

In order to reduce to a minimum the period during which the preferential runway system was nullified by construction and an abnormal volume of traffic approached over the thickly-settled Bayswater street section of East Boston, the Authority authorized contractors at certain stages to work from dawn to dusk.

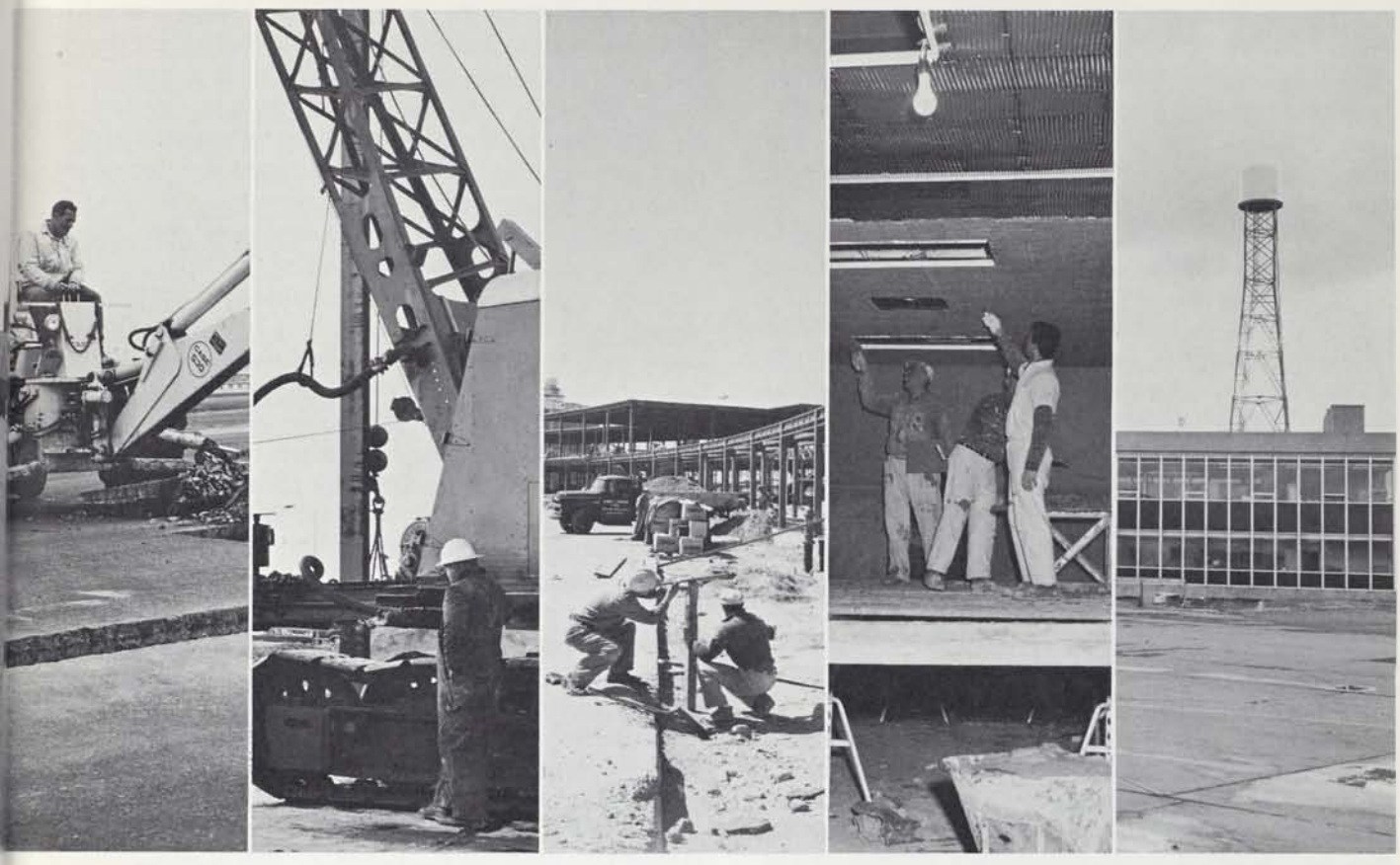
All aspects of the program were reviewed in advance by the Chief Engineer, Airport Manager, and Public Relations Director. Meetings were held with representatives of the Federal Aviation Agency, airline managers, Airline Pilots Association, Air Transport Association, Air National Guard, and Massachusetts Aeronautics Commission to improve noise control by refinements in aircraft operational procedures. Complete cooperation was received.

Letters were sent periodically to East Boston residents informing them of the efforts being made to ameliorate aircraft noise irritation. Personal contact was maintained with complainants so that they had complete information on the progress of the project and the efforts to avoid annoying incidents.

AIRCRAFT NOISE

In a petition to the Massachusetts Congressional delegation in April, 1962 the Authority sought assistance at the highest level of government in striking at the core of the problem of aircraft noise in Airport environs. It stated that only by concerted pleadings of all operators of major airports in the United States can Congress be adequately informed of the enormous social problem being created by the noise of aircraft.

The Authority stated: "We believe that (1) high levels of noise cannot be tolerated in our civil air transport system, and that (2) the Congress should promptly support the Federal Aviation Agency and its administrator in requiring the manufacturers and the air carriers to design civil aircraft that will generate less noise annoyance to persons on the ground than now exists with today's jets. Further-



more, we believe that the FAA should actively participate in measures to alleviate critical noise levels affecting airport communities at the present time."

BUILDING CONSTRUCTION

Designs were being completed at the end of the fiscal year for the two-level North Terminal which will have a free-flowing capacity of approximately 3.5 million passengers a year. Also in the final design stage is a deluxe restaurant which will overlook the airfield from a second floor level east of the Tower Building.

Bids were being readied in June, 1963 for an air-conditioned, sound-proof Police and Crash Crew Station to cost approximately $600,000. It will house 31 crash crewmen and 26 State Police officers. Doors of the garage on the first floor of the two-story building will be operated electrically from a central alarm room to expedite response to alarms.

Ready for construction bids early in the next fiscal year will be: new automatic elevators and other improvements in the Tower Building; renovation of Eastern Air Lines lobby at a cost of $50,000; and relocation of the United and American Airlines ticket lobbies at a total cost of $167,000. Miscellaneous improvements including new service roads, sewers, landscaping, security fences, blast fences, extension of taxiways, and demolition of an engine test hangar will cost approximately $1.5 million.

GENERAL AVIATION

Reconstruction of the old terminal building off Maverick Street for a General Aviation Administration Building began in June, 1962.

A new wing with 10,000 square feet of floor space is part of the building reconstruction. Occupancy of the second floor of the wing by the United States Weather Bureau will place it within easy access of private plane operators. The first floor of the wing and of the main building will be used for the Flight Service Station, offices for fixed base operators, a coffee shop, and lounges.

On the second floor of the main building will be offices of the FAA engineers.

The wing facade will feature a combination of aluminum, glass, and enamel panels. Total reconstruction cost will be almost $1,080,000.

Approximately 80 private and air taxi planes take off or land at Logan daily. This number is expected to increase with the growth of the private aircraft fleet and the expanded service of air taxi operations to the outer suburbs.

RUNWAY 4R THRESHOLD

Near the end of the 1962 fiscal year, the FAA required that the threshold of Runway 4R be displaced 2,508 feet inboard. This requirement reduced the effective runway length to 7,494 feet on landings from the southwest.

Inasmuch as Runway 4R is required for instrument landings when the wind is above a certain velocity from the northeast, every effort is being made by the Authority, airlines, and the Federal Aviation Agency to reconcile the need for fuller use of the runway with the conditions which presently violate safety criteria.

The basic conflict involves the main Boston Harbor ship channel which, at its nearest point, lies 1500 feet southwest of the runway. Between the runway and channel is a 1200-foot aircraft approach light pier, only one-third of the standard length.

Approximately 40,000 vessels of all sizes pass along the 1300-foot wide channel during a year. The mast heights of these vessels range upwards to 197 feet for the aircraft carrier U.S.S. Wasp.

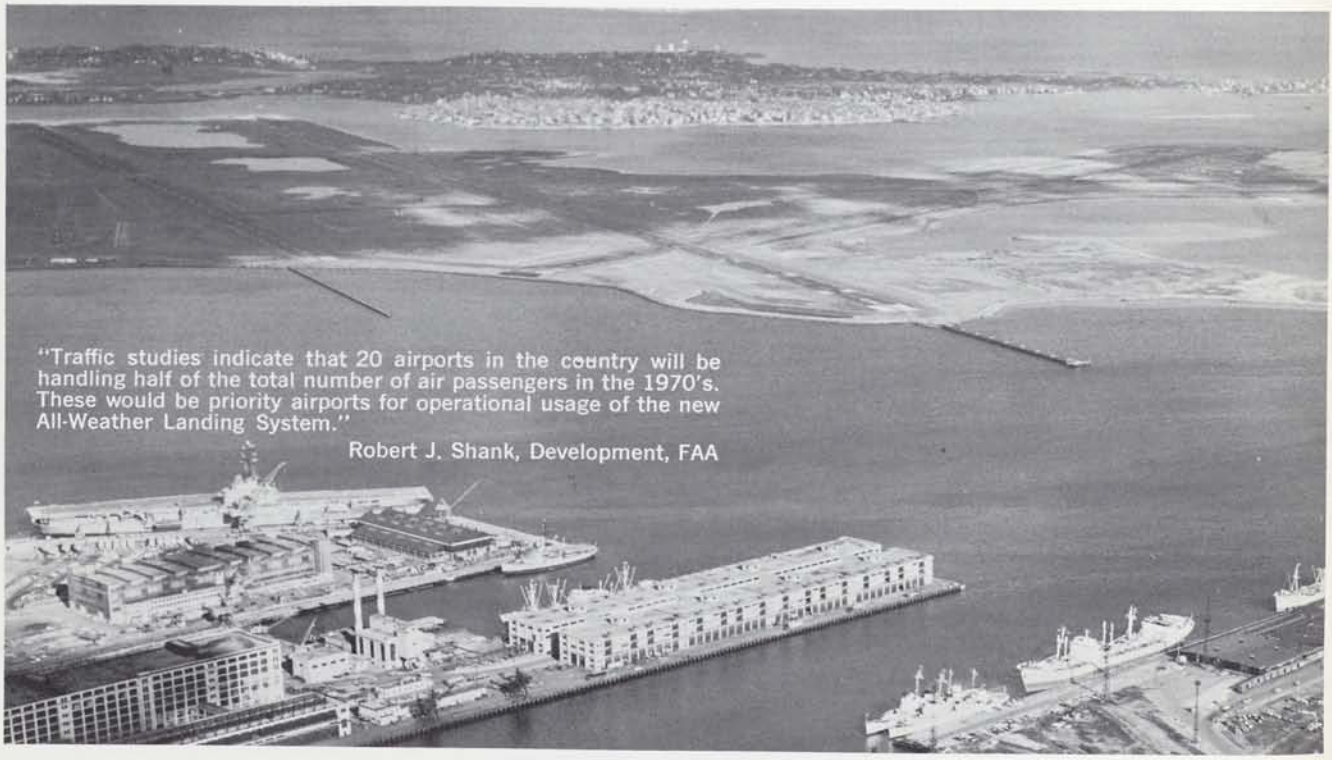
However, the "maximum anticipated obstruction" in the channel has been set at 132 feet. By establishing a 3.02 degree glide slope from the displaced threshold, the planes landing on Runway 4R are estimated to clear the channel at a height of 270 feet.

In an effort to qualify the runway for less stringent restrictions, the Authority and the Federal Aviation Agency have cooperated to install centerline lighting fixtures flush with the runway surface at the 4R end. As soon as the Federal Aviation Agency approves the type of light to be installed, the in-runway lighting can be commissioned. It will complement the approach lighting system on the pier and provide a full length, standard configuration.

The most difficult phase of the problem of weather, space, fixed obstructions, and moving objects is to determine whether any type of surveillance can provide air controllers with an assured flow of information concerning movements in and near the ship channel. With this problem solved and other improvements established, it is hoped that landing minimums of a 200-foot ceiling and a half-mile visibility might be permitted when ships were not in the approach zone.

New developments in surveillance radar may help to solve the problem. This possibility is all the more important because the Federal Aviation Agency is considering a 15 percent increase in minimum runway lengths for the landing of commercial jet aircraft under instrument conditions on wet or icy runway pavements.

Most important in relation to Logan Airport instrument minimums is that Runway 15-33 is expected to qualify in respect to most criteria for the 200 foot ceiling and half-mile visibility minimum this spring.



TRANSATLANTIC ROUTE

The Authority spearheaded a coordinated effort with Mayor John F. Collins and the Greater Boston Chamber of Commerce to organize and project the interests of the Boston Metropolitan Area in the Transatlantic Route Renewal Case now pending before the Civil Aeronautics Board which is expected to determine the pattern of United States flag air service across the Atlantic for many years to come.

Hundreds of manhours were devoted by the Authority Research and Legal staffs to prepare for hearings to be held in August, 1963. Also, the Authority retained a nationally recognized firm of aviation economists to assist in the preparation of pleadings for:

1. improved United States flag service for metropolitan Boston and New England;
2. authorization of Boston-Logan International Airport as an intermediate terminal on the West Coast-Europe route;
3. authorization for all-cargo airline service between Boston and Europe.

Evidence presented by the Authority documented the fact that Boston is the fifth largest continental United States port of entry and exit for total air traffic. Even more significant is the rank of Boston as the second largest continental United States gateway for total air and sea passengers — when military gateways are excluded.

Despite Boston's high volume, its international air traffic over the past five years has grown at the rate of 62.2 percent, well above the 49.7 percent rate of other ports, excluding those involved in air travel to Canada and Mexico.

The Authority pointed out as indicative of the inadequacy of existing United States flag airline service at Boston the 214.7 percent growth of foreign flag air passenger carriage over the past five years as compared with United States flag airline growth of 38 percent.

Also, it was emphasized that 36 percent of the Boston-Europe air passengers used the New York gateway despite greater expense . . . and the inconvenience of transfer distance between airline terminals. Over 70 percent of the Boston-Jerusalem passengers flew from New York, and 50 percent of the Amsterdam, Copenhagen, and Madrid passengers.

The Authority emphasized that during the 1958-1962 period, Boston's service to major European points decreased, yet Boston's international air traffic has grown at a rate above that of all other gateways — even those whose service has increased.

Boston's transatlantic traffic in 1964 is expected to exceed 87,000 passengers and by 1970 the estimate is 129,000, nearly double the total of only two years ago.

MEDICAL STATION

The first airport medical station in the United States under the administration of a major hospital was opened by the Authority at Logan Airport on January 9, 1963. It is staffed on a 24-hour schedule by the Massachusetts General Hospital.

A major objective of the Authority is to insure that the highest quality medical attention is available immediately in event of serious accident. A comprehensive emergency rescue program provides for expeditious transfer of surgeons and nurses from the Massachusetts General Hospital to the Airport to complement the medical station staff.

The day-to-day objectives of the medical station staff are to perform most of the services of a small hospital, to counsel on health protection, and to conduct research related to medical-aviation problems.

The medical station occupies 2000 square feet of space at Gate 23 and consists of two doctor's offices, consulting room, emergency room, x-ray room, nurses' station and patients' waiting lounge.

The Authority subsidized the medical station operation in a total amount of $28,846 in fiscal 1963.

Medicine — a new dimension in airport services.

DISTANCE: AIRPORT TO CITY CENTER

LOGAN INTERNATIONAL AIRPORT — *Fiscal Year July 1 to June 30*

AIR CARRIER			1962-1963	1961-1962	1960-1961
Flights	Domestic		114,817	113,480	105,432
	International		7,851	7,701	8,041
		Total	122,668	121,181	113,473
Passengers	Domestic		3,583,364	3,218,611	2,740,708
	International		254,760	238,728	178,900
		Total	3,838,124	3,457,339	2,919,608
Mail (pounds)	Domestic		13,530,141	12,527,675	12,006,196
	International		244,776	194,356	163,647
		Total	13,774,917	12,722,031	12,169,843
Cargo (pounds)	Domestic		84,119,097	79,484,199	67,972,703
	International		4,271,164	3,936,240	3,047,711
		Total	88,390,261	83,420,439	71,020,414
ITINERANT	Passengers		81,232	60,045	46,919
	Planes		29,233	22,106	11,797

HANSCOM FIELD

Civilian flying predominates at Hanscom Field.

General aviation activity during the fiscal year grew more than 12 percent at Hanscom Field, as a total of 133,506 personal and business aircraft operations were recorded.

This represented an increase of 14,739 over the total of 118,767 for the previous year.

The growth of general aviation at Hanscom Field over the years has been such that it now represents twice the volume of activity by military aircraft.

Scheduled helicopter operations, provided by Massachusetts Helicopter Airways, linked Hanscom Field with Boston-Logan International Airport, via helistops along the industrial Route 128 complex.

Plans were on the drawing boards for an initial expansion program of the civilian area at Hanscom Field. The erection of twenty "T" hangars was proposed, and the terminal taxiway will be extended.

Following deliberations between the Massachusetts Port Authority and Helio Aircraft Corporation, a site was selected for construction of a hangar. This will be used for research, development, and servicing of that company's Helio Courier aircraft — the short takeoff and landing plane which promises to become a sizeable industry in Massachusetts over the next two decades.

All flying activity at Hanscom benefited from Air Force installation of a new TVOR homing beacon between Runways 11 and 5. This navigational aid was originally located ten miles west of the landing field. Its new location adds to the long list of devices installed at Hanscom to make flying safer.

The interior of the terminal building at Hanscom assumed bright hues during the year. The building was redecorated by the painting force of another Authority facility, the Mystic River Bridge, on days when weather precluded their working on the Bridge structure.

MYSTIC RIVER BRIDGE

TRAFFIC

Traffic on the Mystic River Bridge, while amounting to 21,863,193, was a decline of half a million vehicles. This fiscal year was the first 12-month period during which a third harbor toll crossing was in operation.

A total of 15,614,822 passenger vehicles crossed over the Bridge at the commutation rate of 15 cents.

COMMUTATION STICKER

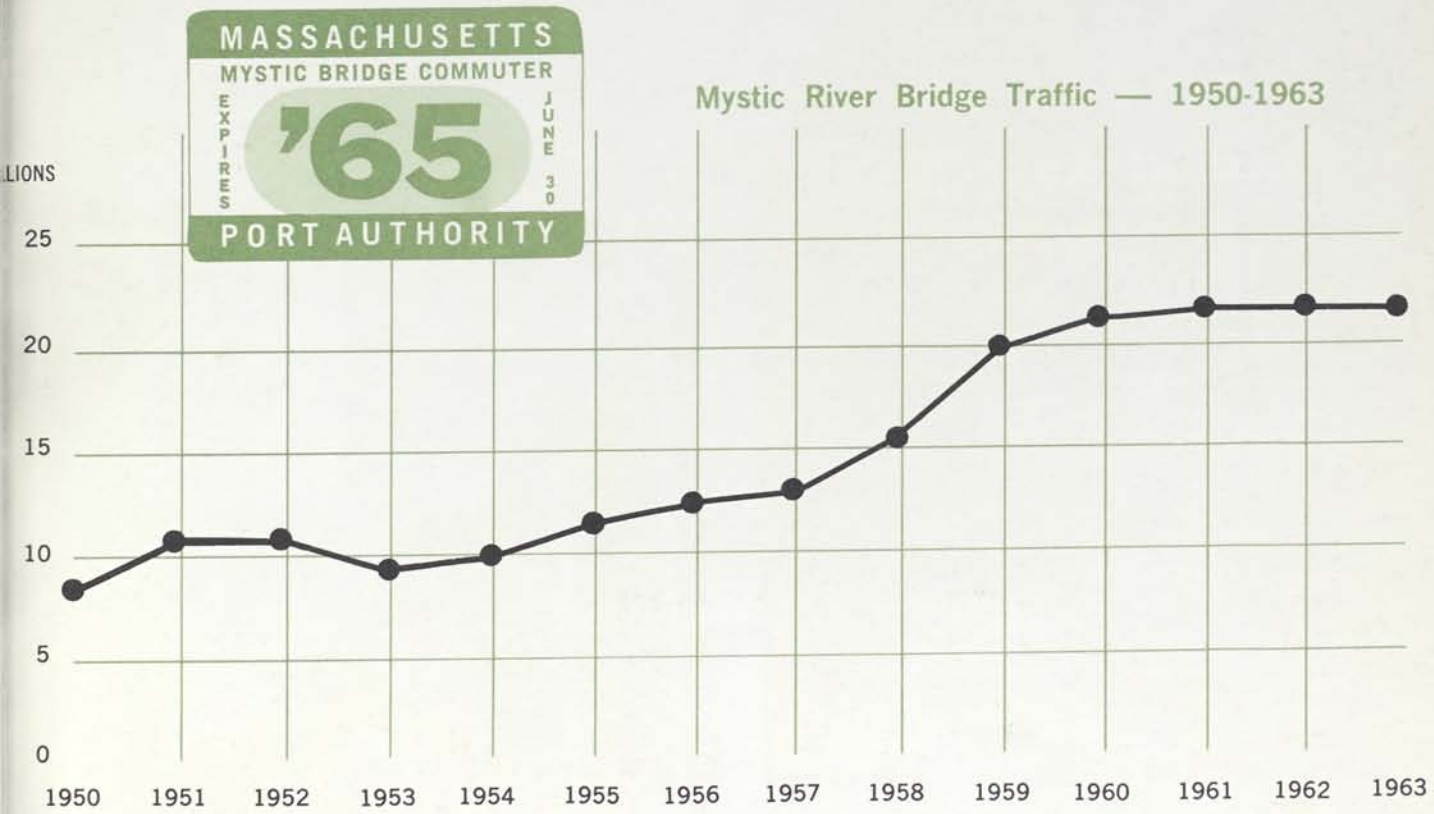
All round commutation stickers became void at the close of the fiscal year, and a rectangular one was issued in its place. This sticker will expire June 30, 1965 — a year after expiration of the triangular sticker which was issued last year.

In order to advise the motoring public of the imminent expiration of the bulk of outstanding stickers, Bridge officials and the Public Relations Department of the Port Authority formulated a localized informational program. Advertising space was purchased on the front pages of local weekly and daily newspapers, 35,000 cards furnishing preliminary notice of the change were passed out to motorists by toll collectors, signs were erected at strategic places on the Bridge, newspaper publicity was employed, and a series of daily reminder placards — advising of the length of time remaining before expiration — were placed in the toll plazas.

A total of 51,889 rectangular stickers was sold at $1 each prior to expiration of the old ones. The transition from the round stickers (which had an unlimited life) to the rectangular one (with a maximum effective life of two years) was executed without confusion.

DIRECTIONAL SIGNS

The familiar white-on-maroon disc Mystic River Bridge signs — one of which was discovered in the Arctic several years ago, where it was planted by a homesick Boston serviceman — were being replaced with white-on-blue discs. These proved to have a higher degree of visibility. Replacement during the fiscal year was confined to Greater Boston.



Statement of Financial Position

As at June 30, 1963

ASSETS:

Cash	$ 1,010,544
Investments—U.S. Government obligations (market value $18,488,435)	18,424,432
Note receivable, less reserve $368,204	172,218
Accounts receivable, less reserve $374,828	706,065
Accrued interest	151,558
Other current assets	381,371
	20,846,188
Investments in facilities:	
Facilities completed	44,161,596
Construction in progress	26,931,639
Cost of financing	2,029,522
	73,122,757
	$93,968,945

LIABILITIES:

Accounts payable and employees' deductions	612,084
Accrued interest on revenue bonds (series A)	852,031
Accrued expenses and deferred income	488,926
Retained on contract payments	575,082
Revenue bonds (series A), 4¾%, due October 1, 1998	71,750,000
Fund balances (Note B)	19,690,822
	$93,968,945

Analysis of Changes in Fund Balances

For the Fiscal Year Ended June 30, 1963

Fund balances June 30, 1962		$16,227,238
Revenues (per accompanying statement of net revenues)		10,329,306
Income from investments in U.S. Government obligations		613,263
Federal Aviation Agency grant in aid of construction		167,740
Current expenses (per accompanying statement of net revenues)		(3,887,979)
Cost of equipment and of maintenance and repairs, less proceeds from property damage insurance claims		(1,599,709)
Cost of equipment transferred to facilities completed		427,527
Cost of research study		(10,999)
Interest on revenue bonds (series A)		(3,408,125)
Interest on bonds issued for paying cost of initial improvements		832,560
Fund balances June 30, 1963:		
Construction fund	$2,673,295	
Revenue and operating fund	1,391,530	
Interest and sinking fund	7,980,555	
Reserve maintenance fund	1,427,268	
Research and improvement funds	5,318,446	
Port properties fund	899,728	
(per accompanying statement of financial position) (Note B)		$19,690,822

The accompanying notes are an integral part of these financial statements.

STATEMENT OF NET REVENUE

	Mystic River Bridge	*Airport Properties*	*Port Properties**	*Total*
REVENUES:				
Tolls, fees and sales of services	$3,996,477	$2,146,004	$ 293,703	$ 6,436,184
Rentals	17,854	2,130,369	1,009,136	3,157,359
Concessions		1,171,041		1,171,041
Other	(55)	96,111	3,666	99,722
Total revenues	4,014,276	5,543,525	1,306,505	10,864,306
Deduct provision for revenues of doubtful collectibility		455,000	80,000	535,000
Total revenues less provision for revenues of doubtful collectibility	4,014,276	5,088,525	1,226,505	10,329,306
CURRENT EXPENSES:				
Administration	125,993	501,725	421,781	1,049,499
Operation	314,409	1,158,000	95,741	1,568,150
Maintenance	233,972	601,063	150,684	985,719
Insurance	80,800	146,790	57,021	284,611
Total current expenses	755,174	2,407,578	725,227	3,887,979
Net revenue for the period (available for payment of interest on revenue bonds and other costs as set forth in Note A)	$3,259,102	$2,680,947	$ 501,278	6,441,327
Add — income from operating fund investments				15,632
Net revenue and income from investments				$ 6,456,959

ORT AUTHORITY

or the Fiscal Year Ended June 30, 1963

*None of the revenue from Port Properties is available for debt service other than interest and principal requirements for all bonds issued for paying the cost of improvements to Port Properties. Under the Enabling Act the revenue from Port Properties, after certain deductions as defined therein, is to be paid to the Commonwealth of Massachusetts (Note B).

The amount to be paid to the Commonwealth is determined annually on July 20 based on cash receipts and disbursements of the Port Properties for the preceding fiscal year, and for the fiscal year ended June 30, 1963 is as follows:

CASH RECEIPTS:	
Revenues collected	$1,178,396
CASH DISBURSEMENTS:	
Current expenses paid	708,482
Cost of renewals and replacements (less proceeds from property damage insurance claim) and of acquiring and installing new equipment	14,508
	722,990
Net revenue from Port Properties, as defined in the Enabling Act, for the fiscal year ended June 30, 1963	455,406
Interest paid April 1, 1963 and payable October 1, 1963 on all bonds issued for paying the cost of improvements to Port Properties	156,415
	298,991
Interest collected by Trustee through July 20, 1963 on funds invested	7,483
Balance held by Trustee on July 20, 1963 to be paid to The Commonwealth of Massachusetts	$ 306,474

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 1963

NOTE A

ACCOUNTING PRINCIPLES

The Massachusetts Port Authority is a public instrumentality created by an Act of the Legislature of The Commonwealth of Massachusetts, effective June 21, 1956. The Authority has no stockholders or equity holders. Revenues and certain other receipts of the Authority are required to be disbursed for specific purposes in accordance with the provisions of the Enabling Act and the Trust Agreement with its bondholders. Revenues are deposited currently in the revenue fund and the balance at the close of each month is disposed of by transfer, in amounts and in the sequential order prescribed by the Trust Agreement, to the following funds: Operating Fund, Port Properties Fund, Interest and Sinking Fund, Reserve Maintenance Fund, Research Fund and Improvement Fund.

The accounting principles followed by the Authority are in accordance with generally accepted accounting principles or with the principles described below which were established by the provisions of the Enabling Act and the Trust Agreement: Payment of interest on revenue bonds is provided in part from the Construction Fund and the remainder from revenues.

The costs of maintenance and repairs of an extraordinary nature or not recurring annually and of renewals and replacements of property are to be charged against the Reserve Maintenance Fund.

The cost of making investigations, studies and surveys authorized by the Enabling Act are to be charged against the Research Fund.

The cost of enlarging, extending, reconstructing or improving any facility of the Authority are to be charged against the Improvement Fund.

Bond discount and cost of financing incurred in connection with the issuance by the Authority of its revenue bonds are to be charged against Investments in Facilities.

At June 30, 1963 $894,536 has been charged against Investments in Facilities for payments to the Commonwealth made or accrued for completed port facilities acquired February 17, 1959 (refer to Note B—Contingent Liabilities and Commitments).

The Enabling Act and the Trust Agreement provide that no allowance for depreciation be made. However, deductions from revenues are to be made to provide for redemption of bonds and, through the Reserve Maintenance Fund, to provide for major replacements of property.

NOTE B

CONTINGENT LIABILITIES AND COMMITMENTS

Payments to The Commonwealth of Massachusetts for Port Facilities:

Under the Enabling Act the Authority is required to pay annually to the Commonwealth within the first ninety days after the close of each fiscal year certain specified amounts in consideration for the port properties acquired from the Commonwealth on February 17, 1959. Such payments are contingent upon the cash revenues from the port properties for the preceding fiscal year exceeding certain related cash expenditures, as defined in the Enabling Act, and are to continue until the Authority has paid to the Commonwealth a sum also defined in the Enabling Act. At June 30, 1963 the sum so payable to the Commonwealth, not reflected in the accompanying financial statements, aggregated $16,466,627.

Reimbursements to the Commonwealth under State Retirement System:

The employees of the Authority were required, under the Enabling Act, to become members of the state retirement system and the Authority will be required to reimburse the Commonwealth for a proportionate share of any amounts expended by the Commonwealth on account of the Authority's employees. The liability of the Authority under this provision is not determinable prior to the dates on which the respective employees retire and no provision therefor is included in the accompanying financial statements.

Contractual Obligations for Construction:

Contractual obligations for construction were approximately $4,035,700 at June 30, 1963.

LYBRAND, ROSS BROS. & MONTGOMERY

ACCOUNTANTS AND AUDITORS

NEW YORK
PHILADELPHIA
CHICAGO
BOSTON
BALTIMORE
WASHINGTON
PITTSBURGH
PHOENIX
DETROIT
CLEVELAND
CINCINNATI
ROCKFORD
ST. LOUIS
LOUISVILLE
HARTFORD
PORTLAND
BIRMINGHAM
DALLAS
HOUSTON
TULSA
SAN FRANCISCO
LOS ANGELES
SEATTLE

COOPERS & LYBRAND
IN AREAS OF THE WORLD
OUTSIDE THE UNITED STATES

Massachusetts Port Authority
Boston, Massachusetts

We have examined the accompanying financial statements (pages 26 to 30) of the Massachusetts Port Authority as at June 30, 1963 and for the fiscal year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, said statements present fairly, in conformity with accounting principles described in Note A to the financial statements, applied on a basis consistent with that of the preceding fiscal year, the financial position of the Massachusetts Port Authority at June 30, 1963, the net revenues and the changes in fund balances for the fiscal year then ended.

Boston, Massachusetts
August 28, 1963

Lybrand, Ross Bros. & Montgomery

Attractive displays promote the Seaport

Breakfast for shippers at New York's Waldorf-Astoria.

Friendship Tree at International Terminal groundbreaking.

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...linked to the World by the "Seaport of the Sixties"

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